



GENERAL ASSEMBLY

COMMONWEALTH OF KENTUCKY

2006 REGULAR SESSION

SENATE BILL NO. 19

AS ENACTED

THURSDAY, MARCH 23, 2006

RECEIVED AND FILED
DATE April 5, 2006
10:27am

TREY GRAYSON
SECRETARY OF STATE
COMMONWEALTH OF KENTUCKY
BY R. Adler

AN ACT relating to electronic health information.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

1 Section 1. KRS 216.267 is amended to read as follows:

2 (1) The duties and responsibilities of the board shall be to implement and oversee the
3 operation of an electronic health network in this Commonwealth, to be known as
4 the Ke-HN.

5 (2) The board shall:

6 (a) Exercise all of the administrative functions of the board;

7 (b) Appoint an advisory group that shall meet at least quarterly for the purpose of
8 collaborating with health care providers and payors, computer technology
9 companies, telecommunication companies, and other affected entities to
10 ensure input into the implementation of the Ke-HN;

11 (c) Review models for an electronic health network;

12 (d) Oversee the development of comparative business cases for the models
13 reviewed and choose a model to be implemented in this Commonwealth. In
14 selecting a model for implementation, the board shall consider the following
15 elements:

16 1. Various models and configurations for Ke-HN, either as developed from
17 the board's research or as recommended by public and private experts.
18 Each model or configuration shall be capable of supporting
19 administrative and clinical functions listed in subsection (4) of this
20 section, including the capability to integrate with an electronic Medicaid
21 management information system, provide immediate health alerts to
22 health care providers across the state,~~and~~ support health care provider
23 education related to the identification and treatment of rare and unusual
24 diseases, *serve as a registry of the existence and location of advance*
25 *directives related to health care or mental health treatment, and serve*

- 1 as a registry of organ donations. The model chosen may be
 2 implemented in phases, as determined by the board;
- 3 2. Projected costs of the network, indicating those which would be
 4 allocated to state government, health care providers, insurers, or others;
- 5 3. Options for financing the start-up, administrative, and maintenance
 6 costs, projected returns on investments, a timetable for realizing those
 7 returns, and any proposed subscription or transaction fees associated
 8 with the Ke-HN;
- 9 4. Procedures intended to secure protected health information in
 10 accordance with HIPAA;
- 11 5. Timetables for implementation of the Ke-HN, whether as a fully
 12 established network, in phases, or through the use of a pilot project or
 13 regional approach to the Ke-HN;
- 14 6. Suggested incentives to promote the use of Ke-HN by health care
 15 providers and payors, and the Medicaid program; and
- 16 7. Incentives, including but not limited to tax credits, low-interest loans,
 17 and grants, under Subchapters 22, 23, 24, 26, and 28 of KRS Chapter
 18 154 for a company that develops or manufactures software necessary for
 19 the development of the Ke-HN, if the company meets all the eligibility
 20 requirements under the respective subchapter in KRS Chapter 154;
- 21 (e) Receive comments from the advisory group created in paragraph (b) of this
 22 subsection;
- 23 (f) Submit a description of the model chosen for implementation to the
 24 Legislative Research Commission for the opportunity for any comments;
- 25 (g) If state funds are required for implementation of the model chosen, seek
 26 funding through the appropriations process;
- 27 (h) Oversee the implementation of the model chosen subject to the appropriation

of funds. Oversight shall include the following:

1. Developing any central interchange, including any central server and software;
 2. Developing the Ke-HN of providers and payors who participate in the network, which shall be on a voluntary basis;
 3. Making recommendations regarding the features and functions which shall be included in the distributed components of the network; and
 4. Performing an outcomes assessment of the benefits achieved by the network;
- (i) Identify and adopt standards for all computer systems communicating with the Ke-HN, including but not limited to:
1. The HIPAA standards for electronic transactions as the federal regulations become final, or more stringent standards for content and networking as determined by the board;
 2. Medical lexicon for administrative billing and clinical purposes;
 3. Procedure and billing codes; and
 4. Prevalent health care industry standards for software and networking that ensure that applications work on all types of computer systems and equipment;
- (j) Establish procedures to ensure that Ke-HN transactions are in compliance with HIPAA guidelines;
- (k) Facilitate the implementation of the federal HIPAA guidelines, and identify any additional variables specific to Kentucky that are required to be in transactions within the HIPAA guidelines;
- (l) Oversee the operations of the Ke-HN, including but not limited to making recommendations for financing the central interchange for the network and making recommendations to organizations about implementing the network in

- 1 their respective organizations;
- 2 (m) Oversee the development of the central interchange that supports
3 communication between components of the Medicaid management
4 information system;
- 5 (n) Implement educational efforts about the Ke-HN;
- 6 (o) Develop incentives for providers and payors to use the Ke-HN;
- 7 (p) Identify options for, adopt, and implement approaches to various aspects of
8 the Ke-HN necessary for its creation and operation, including but not limited
9 to technology architecture, governance and oversight, development and
10 implementation plans, and other areas identified by the board relating to its
11 charge;
- 12 (q) Facilitate the development of private and public partnerships to build the Ke-
13 HN;
- 14 (r) Assign priority in phasing in the network to geographical locations that are
15 critical to homeland security and protection of the Commonwealth's energy
16 production;
- 17 (s) Collaborate with federal agencies in the development and implementation of
18 the Ke-HN as a demonstration model for the nation;
- 19 (t) Collaborate with the Kentucky Health Care Infrastructure Authority created
20 under KRS 216.261;
- 21 (u) Assist with the securing of state, federal, or private funding for the Kentucky
22 Health Care Infrastructure Authority created under KRS 216.261;
- 23 (v) Stimulate the development of state and local population health information
24 capacities;
- 25 (w) Promulgate administrative regulations in accordance with KRS Chapter 13A
26 necessary to carry out the responsibilities of the board;
- 27 (x) Receive and dispense funds appropriated for its use by the General Assembly

1 or may solicit, apply for, and receive any funds, property, or services from any
 2 person, governmental agency, or organization to carry out its statutory
 3 responsibilities;

4 (y) Report to the Governor, secretary of the Cabinet for Health and Family
 5 Services, commissioner of the Department of Innovation and
 6 Commercialization for a Knowledge Based Economy, Legislative Research
 7 Commission, Interim Joint Committee on Health and Welfare, and Interim
 8 Joint Committee on Banking and Insurance annually on the development of
 9 the Ke-HN and the impact on quality and cost of health care; and

10 (z) Collaborate with the Telehealth Board to link functions of the telehealth
 11 network to the Ke-HN, as determined by the Telehealth Board.

12 (3) The board may:

13 (a) Use any software program or expand any Medicaid management information
 14 system or electronic provider and payor network developed by the Medicaid
 15 program to support electronic health transactions between payors, insurers,
 16 health care providers, and patients that are not Medicaid-related, unless
 17 prohibited by federal law or regulation;

18 (b) Contract, in accordance with KRS Chapter 45A, with an independent third
 19 party for any service necessary to carry out the responsibilities of the board
 20 subject to the appropriation of funds;

21 (c) Award grants to health care providers and payors to implement projects
 22 related to health informatics, with highest priority given to health care
 23 providers and payors that serve rural and inner-city areas of this
 24 Commonwealth; and

25 (d) Enter into an agreement with the University of Kentucky or the University of
 26 Louisville to develop comparative business models or implement any phase of
 27 the Ke-HN, using private or federal funds received by the university for the

1 purpose designated in the agreement.

2 (4) In its fully implemented form, the Kentucky e-Health Network is envisioned to
3 support or encourage the following types of electronic transactions or activities that
4 would be phased in over time:

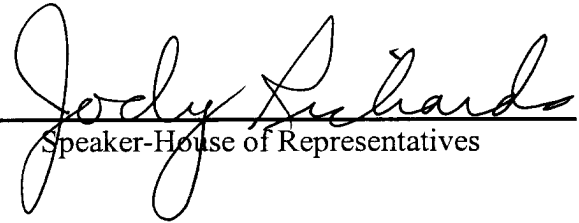
- 5 (a) Automatic drug-drug interaction and allergy alerts;
- 6 (b) Automatic preventive medicine alerts;
- 7 (c) Electronic access to the results of laboratory, X-ray, or other diagnostic
8 examinations;
- 9 (d) Disease management;
- 10 (e) Disease surveillance and reporting;
- 11 (f) Educational offerings for health care providers;
- 12 (g) Health alert system and other applications related to homeland security;
- 13 (h) Links to drug formularies and cost information;
- 14 (i) Links to evidence-based medical practice;
- 15 (j) Links to patient educational materials;
- 16 (k) Medical record information transfer to other providers with the patient's
17 consent;
- 18 (l) Physician order entry;
- 19 (m) Prescription drug tracking;
- 20 (n) Registries for vital statistics, cancer, case management, immunizations, and
21 other public health registries;
- 22 (o) Registry of the existence and location of advance directives related to health
23 care and mental health treatment;
- 24

(p) Registry of organ donations executed under KRS 311.165 to 311.235;
- 25 (q) Secured electronic consultations between providers and patients;
- 26 (r)(p) A single-source insurance credentialing system for health care providers;
- 27 and

- 1 ~~(s)~~~~(q)~~ The following transactions covered by HIPAA:
- 2 1. Electronic health care claims submission;
- 3 2. Electronic payment;
- 4 3. Coordination of benefits;
- 5 4. Health care claim status;
- 6 5. Enrollment and disenrollment in a health plan;
- 7 6. Eligibility for a health plan;
- 8 7. Health plan premium payments;
- 9 8. Referral certification and authorization;
- 10 9. First report of injury; and
- 11 10. Health claims attachments.



President of the Senate



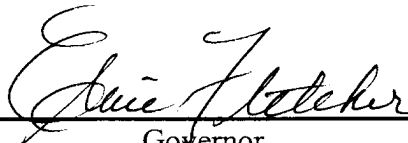
Speaker-House of Representatives

Attest:



Chief Clerk of Senate

Approved



Governor

Date

